

# HELM

## FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

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### VIA AIR COURIER

October 23, 1997

RECORDATION NO. 20960 FILED

OCT 28 '97 10-28 AM

Mr. Vernon Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Dear Mr. Williams:

Enclosed are two (2) originals of the Memorandum of the Net Lease Agreement made as of April 1, 1996 ("Memorandum") between the following parties:

Lessor: Rail Operators Inc.  
c/o Stamper, Hadley & Reasor  
112 North High Street  
P.O. Box 100  
Antlers, OK 74523

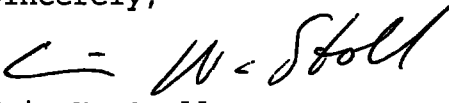
Lessee: RailLink Canada Ltd.  
100 Ferguson Street  
North Bay, ON P1B 1W8

The equipment involved in this transaction is as follows:

Equipment: Two (2) locomotives as more fully described  
in Schedule A to the Memorandum.

Please file this agreement as a primary document. A check covering the filing fee of twenty-four dollars (\$24.00) is enclosed.

Sincerely,

  
Eric W. Stoll  
Document Administrator

/es  
Enclosures (2)

OCT 28 '97

10-28 AM

MEMORANDUM OF  
LOCOMOTIVE LEASE AGREEMENT

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of August 25, 1997 and is intended to evidence that certain Locomotive Lease Agreement dated as of August 25, 1997 (the "Lease") between RAIL OPERATORS INC., a Delaware corporation ("Lessor"), and RAILINK CANADA LTD., a Canadian corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

RAIL OPERATORS INC.

By: [Signature]  
Print Name: Thomas Hawley  
Its: Vice - President

LESSEE

RAILINK CANADA LTD.

By: [Signature]  
Print Name: Jim Eaton  
Its: Manager Mechanical Services

SCHEDULE A  
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description:



Two (2), EMD GP38, four axle, diesel electric 2000 horsepower locomotives.

Old Reporting  
Marks and Numbers

XKRR 3807  
XKRR 3808

New Reporting  
Marks and Numbers

TOR ~~2005~~ TOR 2004 *KE*  
TOR ~~2006~~ TOR 2005 *KE.*

*KE*   


STATE OF OKLAHOMA )  
 ) S.S.  
COUNTY OF PUSHMATAHA )

On SEPTEMBER 24, 1997, before me, DONNA M. NASH, personally  
appeared THOMAS HADLEY, VICE-PRESIDENT of RAIL OPERATORS  
INC.,

— personally known to me -OR-

X proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged  
to me that he/she/they executed the same in his/her/their authorized  
capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted,  
executed the instrument.

Witness my hand and official seal.

Donna M. Nash  
SIGNATURE OF THE NOTARY

[Notarial Seal]

My Comm Exp 7B-2000

PROVINCE OF ONTARIO )  
 ) S.S.  
DISTRICT OF Nipissing )

On this 16<sup>th</sup> day of September, 1997, before me personally appeared  
Jim Eaton who being by me duly sworn, says that he/she  
is Manager, Mechanical Services of RAILINK CANADA LTD., that the foregoing  
instrument was signed on behalf of said company on such day by authority of its  
Board of Directors, and he/she acknowledged that the execution of the foregoing  
instruction was the free act and deed of said company.

[Signature]  
SIGNATURE OF COMMISSIONER OF OATHS

[Seal]

My Commission expires: N/A